

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the matter of

Joint Request for Review by ACS of the
Northland, Inc. and Cordova Community
Medical Center

of a Funding Commitment Decision of the
Universal Service Administrator

Rural Health Care Support Mechanism

Federal-State Joint Board on Universal
Service

WC Docket No. 02-60
Packet No. 114768

CC Docket No. 96-45

Provisional Request for Review

Pursuant to Sections 54.719 through 54.725 of the Commission's rules, 47 C.F.R. §§ 54.719-54.725, ACS of the Northland, Inc. ("ACS-N") and Cordova Community Medical Center ("Cordova" and, together with ACS-N, the "Parties") hereby provisionally seeks review of a funding commitment letter (the "Partial Funding Commitment")¹ issued by the Rural Health Care ("RHC") Division of the Commission's universal service administrator, the Universal Service Administrative Company ("USAC"). The Parties reserve their right to supplement this Request for Review should events make such action necessary.

This Request for Review is based on an apparent misinterpretation by the RHC Division staff of the Commission's rules governing RHC support for telecommunications services delivered via satellite. In the Partial Funding Commitment, the RHC Division provided no official basis for its decision to fund Cordova's satellite-delivered service only for a portion of Funding Year ("FY") 2011. Some of the arguments in this Request

¹ Funding Commitment Letter from Karen Morgensen, Invoicing Manager, USAC Rural Health Care Division, to Pat Shafer, Alaska Communications Systems Holdings, Inc., Packet No. 114768A (Jul. 5, 2012), attached hereto as **Exhibit A**.

for Review are therefore based on representations of the RHC Division staff made in email correspondence (attached hereto as **Exhibit B**) received while the decision to issue the Partial Funding Commitment was pending.

The Partial Funding Commitment provides support from the RHC universal service support mechanism for the period from July 1, 2011 through September 29, 2011 for satellite-delivered Multi-Protocol Label Switching (“MPLS”) service provided to Cordova, a rural, not-for-profit hospital, pursuant to an evergreen contract that was endorsed by the RHC Division with a three-year term commencing October 16, 2009. While the Partial Funding Commitment thus properly provides support for this service based on Cordova’s contracted rate for a portion of Funding Year (“FY”) 2011, it fails to provide such support for the full funding year.

The RHC Division provided the Partial Funding Commitment in response to the request for support contained in Packet No. 114768, which Cordova submitted on or about May 7, 2012. Acting on directions from the RHC Division staff, Cordova submitted a duplicative request for support on or about June 27, 2012, which became Packet No. 118507. A member of the RHC Division staff directed Cordova to submit the second packet as a means of splitting the underlying funding request after learning that terrestrial MPLS service became available to Cordova on September 30, 2011, when Cordova began using this terrestrial connection as a backup to its primary satellite service. The Parties expect the RHC Division to set funding levels for Cordova’s satellite-delivered MPLS service for the remainder of FY 2011 when it issues a funding commitment on Packet No. 118507, which remains pending.

Based on this expectation, and certain interpretations of the Commission's rules offered by the RHC Division staff, the Parties believe that it will likely be necessary for it to file a more fulsome Request for Review of the RHC Division's funding commitment on Packet No. 118507, when that funding commitment is issued. The Parties believe that, in issuing that funding commitment, the RHC Division may attempt improperly to apply the cap on support for satellite-delivered services contained in Section 54.609(d) of the Commission's rules, despite the fact that the underlying evergreen contract was signed more than two years ago and therefore predates the availability of terrestrial service. The Parties are filing this Request for Review of the RHC Division's funding commitment on Packet No. 114768 in order to preserve their review rights in light of the RHC Division's erroneous decision in the Partial Funding Commitment not to issue funding for the full FY 2011 based on the satellite rate for Cordova's satellite-delivered MPLS service. If, for any reason, the RHC Division does not provide a substantive decision on Packet No. 118507 establishing funding for Cordova's satellite-delivered MPLS service for the balance of FY 2011, the Parties reserve their rights to supplement this Request for Review in support of their belief that such funding should be based on the full amount of the difference between Cordova's contract price and the urban rate for functionally similar service.

As indicated above, email correspondence from the RHC Division staff has revealed an apparent misinterpretation of the Commission's rules concerning the eligibility of satellite services for funding from the RHC mechanism. Under Section 54.609 of the Commission's rules, 47 C.F.R. § 54.609, rural health care providers

(“HCPs”) may receive support based on the satellite rate and the urban rate for equivalent terrestrial services in cases where no terrestrial service is available to the rural HCP. As the Commission has explained, “[r]ural health care providers that are located in areas with no terrestrial-based alternative may compare rural satellite rates to urban wireline rates, which results in support for such providers.”²

By providing a funding commitment at historical levels based on the satellite rate only for a portion of the funding year, the RHC Division raises the spectre of financially ruinous results, not only for the rural HCP, which remains obligated for the full amount of the contract price, but for the provider as well, which frequently (as it is here) is a reseller of satellite service with contractual payment obligations of its own. Indeed, such a significant increase in the business risk associated with satellite services will inevitably increase the price of these services for rural HCPs and limit service options to one-year contracts, if service providers remain willing to provide such service at all. Given the limited ability of rural HCPs to pay the full cost of satellite services, the risk that the RHC Division may interrupt funding in the middle of a funding year – let alone the middle of the term of a multi-year contract – will force service providers to increase prices to offset this risk or, potentially, to leave the market entirely. Thus, an RHC Division decision to limit funding in this way would undermine the very purpose of the RHC support mechanism to expand rural HCP access to telecommunications services necessary to deliver a 21st century standard of care to their patients.

² *Rural Health Care Support Mechanism*, WC Docket No. 02-60, Report and Order, Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 03-288, 18 FCC Rcd 24546 (2003), at ¶ 42 (“*RHC Report and Order*”).

Such a decision, therefore, is inconsistent with the Commission's ongoing efforts to minimize costs of participating in the RHC support mechanism. Since the inception of the RHC support mechanism, the Commission has recognized that, "the application process, and the complicated nature of the forms involved, may sometimes be a barrier to applicants,"³ and, together, the Commission and USAC have implemented a series of measures to streamline the processes required to receive RHC support. As later explained by the Commission:

[I]n 1999, after determining that only a small number of rural health care providers qualified for discounts in the original funding cycle, which covered the period from January 1, 1998, through June 30, 1999, the Commission reevaluated the structure of the rural health care universal service support mechanism. As a result, the Commission: (1) simplified the urban/rural rate calculation; (2) eliminated the per-location discount limit; (3) encouraged participation in consortia; and (4) re-allocated billing and collection expenses by the number of participants in the rural health care universal service support mechanism.⁴

Subsequently, USAC further streamlined the application process by, among other things, implementing electronic filing and e-certification for all required forms, eliminating unnecessary forms, arranging for electronic forms to be pre-filled with the previous year's information for repeat on-line filers, creating a database of urban rates on its website, and

³ *Rural Health Care Support Mechanism*, WC Docket No. 02-60, Notice of Proposed Rulemaking, FCC 02-122, 17 FCC Rcd 806 (2002), at ¶ 51.

⁴ *Rural Health Care Support Mechanism*, WC Docket No. 02-60, Second Report and Order, Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 04-289, 19 FCC Rcd 24613 (2004), at ¶ 5 ("*RHC Second Report and Order*").

expanding its outreach efforts.⁵ The Commission has repeatedly pursued further streamlining measures, including in its most recent Public Notice released earlier this year.⁶

Multi-year evergreen contracts make a further important contribution to reducing the costs of the RHC support mechanism. Not only are monthly recurring charges for services generally lower for customers making a term commitment, but multi-year evergreen contracts lower administrative costs as well. Such contracts eliminate the need for rural HCPs to post Form 465 requests for service each year, for service providers to prepare responsive bids, and for the RHC Division to review and archive additional annual records. But, without the necessary level of stability and predictability in funding, it will become much more difficult for parties to find common ground on multi-year contracts. In this way, Cordova's approved evergreen contract was, and remains, one that serves the best interests, not only of the parties, but of the RHC support mechanism as well, by providing term-based pricing that is lower than would be available under a month-to-month or one-year contract and reducing administrative costs.

Finally, by abruptly truncating funding, the RHC Division has improperly interfered with the competitive bidding process and the settled contractual rights of the parties. Clearly, when the 2009 contract for satellite-delivered MPLS service was signed, neither ACS-N nor Cordova could have foreseen the precise date, then more than two years in the future, when terrestrial service might come to Cordova. In 2009, based on

⁵ *RHC Report and Order*, at ¶ 53.

⁶ *See, e.g.*, Public Notice, WC Docket No. 02-60, *Wireline Competition Bureau Seeks Further Comment on Issues in the Rural Health Care Reform Proceeding*, DA 12-1166 (rel. July 19, 2012), at ¶ 6a; *see also, e.g.*, *RHC Second Report and Order* at ¶ 34; *RHC Report and Order*, at ¶ 69.

Commission rules and policies permitting multi-year evergreen contracts, the parties took the reasonable step of signing a three-year service contract to be supported under the RHC mechanism that was intended to satisfy Cordova's needs during that period. The RHC Division was no mere bystander to this process, but took the affirmative step of endorsing the parties' contract as evergreen, thereby affirming to the parties that the contract contains all required provisions and is eligible for funding during its term.⁷

Yet, even as the RHC Division was taking the drastic step of issuing only the Partial Funding Commitment for the Cordova satellite service, it offered only breezy responses to Cordova's alarmed questions as to how it may meet its obligations under its RHC-endorsed evergreen contractual without adequate RHC support. Even as the RHC Division prepared the Partial Funding Commitment, interfering dramatically with the performance of the Parties' underlying contract in a manner virtually guaranteed to cause Cordova's default, the staff remained apparently oblivious to the impact of its actions, stating only, "We have no policy on canceling contracts. It is the HCPs responsibility to manager their own contracts and do what is needed for their organization. Those decisions may or may not put funding in jeopardy. If we have an evergreen contract on file and they sign a new contact we do not care."⁸

If the Commission were to uphold the RHC Division's interference with the procurement process and settled contractual expectations of the parties, it would

⁷ See USAC Rural Health Care Division, "Evergreen Contracts," available at: <http://www.universalservice.org/rhc/health-care-providers/evergreen-contracts.aspx> (visited Sept. 4, 2012).

⁸ See Email message from Susan Ferry, Associate Manager, RHC Division, to Bruce Tipton, Cordova (June 28, 2012) (provided in Exhibit B).

eviscerate the benefits of the Commission's correct policy decisions within which the evergreen contract framework has grown by endorsing the RHC Division's assertion of a right to deprive contracting parties of the anticipated (and previously endorsed) benefits of their contractual bargain during its expected term. Further, such a result could undermine broad national goals to promote deployment of terrestrial broadband facilities in rural areas. Providers of rural telecommunications and broadband services may be reluctant to deploy terrestrial fiber or microwave facilities if doing so jeopardizes RHC support for preexisting contracts to purchase and resell satellite services.

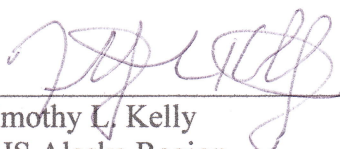
For ACS-N, like most satellite service providers, the damage such a result would cause is not limited simply to the financial impact created by its failure to realize the expected revenue from its contract with Cordova. ACS-N is a reseller of satellite service, and must meet its contractual payment obligations to its wholesale provider, regardless of whether its retail customer defaults. Especially for a small telecommunications carrier serving rural areas where rural HCPs are located, the business consequences of the RHC Division's mid-contract decision abruptly to withdraw or reduce support are dire.

* * * * *

For the foregoing reasons, the Parties hereby submit this provisional Request for Review, pending the RHC Division's action on Packet No. 118507, and request that the Commission direct the RHC Division to provide funding for Cordova's satellite-delivered MPLS service, currently the subject of both Packet Nos. 114768 and 118507, based on the full amount of the difference between Cordova's contract price and the urban rate for functionally similar service for the entirety of FY 2011, and not solely the period from July 1, 2011 through September 29, 2011.

Respectfully submitted,

CORDOVA COMMUNITY
MEDICAL CENTER



Timothy L. Kelly
PHS Alaska Region
Capital Supervisor
Acting CFO CCMC
602 Chase Avenue
P.O. Box 160
Cordova, Alaska 99574
(907) 212-6377

ACS OF THE NORTHLAND, INC.

Leonard Steinberg
General Counsel and Corporate Secretary
Richard R. Cameron
Assistant Vice President and Senior Counsel
ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.
600 Telephone Avenue
Anchorage, Alaska 99503
(907) 297-3000

September 4, 2012

cc (by email): Rural Health Care Division
Universal Service Administrative Company
2000 L Street, NW, Suite 200
Washington, DC 20036
rhc-admin@universalservice.org

Exhibit A

Funding Commitment Letter from Karen Morgensen, Invoicing Manager, USAC Rural Health Care Division, to Pat Shafer, Alaska Communications Systems Holdings, Inc.,
Packet No. 114768A (Jul. 5, 2012)



30 Lanidex Plaza West
P.O. Box 685
Parsippany, NJ 07054-0685

JUL 06 2012

Filed
Acct

1811310
1811310

Rural Health Care Division

www.rhc.universalservice.org
Phone: 1-800-229-5476

July 5, 2012

Pat Shafer
Alaska Communications Systems Holdings, Inc. - ACS of the Northland - Glacier State
600 Telephone Avenue, Mail Stop 13
Anchorage AK 99503

Dear Pat Shafer:

Attached please find copies of Funding Commitment Summaries for health care providers for whom your company is providing a supported service. The Funding Commitment Summary indicates that Form 466 or Form 466A has been approved by RHCD. At this point, do not start providing support to the HCP. HCPs must submit Form 467 to the RHCD prior to receiving support. Once RHCD processes Form 467, an HCP Support Schedule Letter will be sent to you. Once you receive the HCP Support Schedule, you may start providing support to the HCP.

If you have received a Funding Denial Letter (for zero funding), either the rural rate paid by the HCP for service is less than the urban rate for telecommunications service or the HCP did not wait the mandatory 28-day period before choosing a carrier. You are not required to take any further action regarding Funding Denial Letters.

RHCD continues to process Form 466s on an ongoing basis and will be mailing Funding Commitment Summaries as they are complete. Over the next few months, you may receive additional Funding Commitment Summaries for Funding Year 2011.

To assist closing out the 2011 Funding Year, please call and provide the Billing Account Number to each HCP on the attached Funding Commitment Summaries so they may complete Form 467 immediately. In addition, please verify that your company's SPIN is correct on each Funding Commitment Summary. This will ensure that your USF account is properly credited after you provide support to an HCP.

If you have any questions concerning SPINs, crediting an HCP, or invoicing RHCD, please call Karen Mogensen at 973-581-6756.

Sincerely,

Karen Mogensen
Invoicing Manager

cc: Funding Commitment Summaries

To help you understand the information provided in the attachment, the following definitions are provided:

- **Service:** The type of service ordered from the service provider as shown on Form 466 or 466A.
- **Type of Service Agreement:** This reflects RHCD's determination of whether the applicant is eligible for support based on a contract or a month to month service. For contract service, RHCD must have reviewed the relevant document(s) and determined that they meet RHCD contract criteria (written document signed by both parties with a valid contract award date and sufficient terms of service). Agreements that do not meet the standards for treatment as contracts are treated as month to month service, or if an HCP is eligible for month to month service support prior to the contract award date, they are treated as month to month service. In some circumstances, service under a pre-existing contract may be supportable before the 29th day that Form 465 was posted on the RHCD website, but month to month service is never eligible for such pre-posting support. Questions about contract/month to month determination may be directed to the RHCD Customer Services Support Center at 1-800-229-5476.
- **Eligible Support Start Date:** The first possible date for which the RHCD will provide support for the requested service. Note: If the actual start date on Form 467 is different from the date on Form 466 or Form 466A, the eligible start date will either be the date shown on Form 467 or the 29th day after Form 465 was posted on the RHCD website depending on which is later and the type of service agreement.
- **Support End Date:** The end date of Funding Year 2011 is June 30, 2012. This is also the last day support may be given to eligible rural HCPs for Funding Year 2011 of the program.
- **Estimated Months of Support:** The number of full and partial months, calculated from the eligible support start date to the support end date based upon information provided on Forms 466 or 466A and supporting documentation.
- **Non-Recurring Support Amount:** The eligible one-time charges associated with the services ordered from the service provider. This amount is calculated from information provided on Forms 466 or 466A and supporting documentation. It may be different from the amounts submitted by the rural HCP because of an adjustment determined to be appropriate under program rules.
- **Monthly Recurring Support Amount:** The eligible monthly recurring support that the rural HCP should receive on bills from the service provider on a monthly basis during Funding Year 2006. This amount is calculated from the information provided by the rural HCP on Form 466 or 466A and supporting documentation. It may be different than the amounts submitted by the rural HCP because of an adjustment determined appropriate under program rules.
- **Estimated Total Support Amount:** The Monthly Recurring Support Amount multiplied by the Estimated Months of Support, plus the Non-Recurring Support Amount. The actual total support amount may differ from the amount shown above, depending upon when service actually started, as reported to RHCD on Form 467.

Next Steps

It is important to save this letter. Your next step in this process is the HCP's completion and submission of FCC Form 467. An electronic certification option is available through the RHCD website, allowing you to submit the Form 467 online. See the "E-Certification" section of the website for details. This will confirm your receipt of the services for which support has been approved, and the date on which the service provider began providing those services (If this funding commitment letter is for zero support, you need not complete a Form 467). You will need the Funding Request Number in the table above to complete Form 467. Your completed Form 467 allows us to begin processing invoices from the service provider for your support. You should contact each service provider yourself to make any necessary arrangements regarding billing of supported services, and any other administrative details relevant to your participation in this universal service program.

When filling out Form 467, please take special care when completing Block 5, Item 12, which requires the Billing Account Number of the organization eligible to receive the "universal service support credit." The Billing Account Number is an account code used by service providers to track charges and credits for customers and is listed on the bill for the supported service. The RHCD recommends that rural HCPs verify the Billing Account Number with their service provider.

The Billing Account Number in Item 12 must belong to the entity that is actually billed for the supported service. If the service used by the rural HCP is billed to another organization, such as the "parent" entity in a telemedicine consortium or network, please verify the Billing Account Number with that organization. FCC rules specifically state that the benefits of this program are only available to eligible rural HCPs. Therefore, although the service may be billed to another organization, the benefits of the support must clearly flow to the eligible rural HCP.

The Form 467 should be signed by the HCP employee responsible for procuring or maintaining the requested services for the rural HCP. The signer of Form 467 is certifying that the eligible rural HCP has or will receive the benefit of the universal service support.

The Billing Account Number, certifications, and all other information provided on FCC Forms 465, 466, 466A, and 467 may be subject to audit by the RHCD and the FCC. The RHCD must be immediately notified, if at any time, the supported services are not being conveyed to the eligible rural HCP, or the eligible rural HCP is not otherwise receiving the benefit of this federal universal service support. Rural HCPs that are approved for support are reminded that they, and any entity that filed an application on their behalf, continue to be subject to audits and other reviews that the RHCD and/or the FCC may undertake to insure that the universal service support is being used in compliance with FCC program rules. If the RHCD discovers that supported services are not being used in compliance with program rules, applicants will be subject to enforcement activities and other means of recourse by the RHCD and other appropriate Federal, state, and local authorities.

Appeals

The RHCD recognizes that some health care providers will disagree with our decisions. If you wish to file an appeal, your appeal must be postmarked no later than 60 calendar days after the Funding Commitment Letter was issued, starting on the date at the top of this letter. There are two appeal options:

A. Write an RHCD Letter of Appeal explaining why you disagree with the Funding Commitment Letter and what outcome you request, OR;

B. Write an appeal directly to the Federal Communications Commission (FCC) —skipping Option A— explaining why you disagree with the RHCD's decisions. The FCC rules governing the appeals process (Part 54 of Title 47 of the Code of Federal Regulations 54.719 – 54.725 as amended January 24, 2002 by FCC Order 01-376) are available on the RHCD web site (www.rhc.universalservice.org). While you may write directly to the FCC without first presenting your appeal to the RHCD, you are encouraged to write first to the RHCD so that we have an opportunity to review your appeal and grant it, if appropriate.

Please follow these guidelines when submitting a letter of appeal to the RHCD:

1. Write and mail your letter to:

Letter of Appeal
Rural Health Care Division of USAC
2000 L Street Northwest, Suite 200
Washington, DC 20036
Phone: (800) 229-547

2. Appeals may be submitted to the RHCD electronically, by fax or by e-mail. E-mail submissions must be submitted to rhc-admin@universalservice.org. The RHCD will automatically reply to incoming e-mails to confirm receipt. E-mails can be submitted in any commonly used word processing format. Appeals to the RHCD filed by fax must be faxed to 202-776-0080. Appeals submitted by e-mail will be considered filed on a business day if they are received at any time before 12:00 a.m. (midnight), Eastern Standard Time. Similarly, fax transmissions will be considered filed on a business day if the complete transmission is received at any time before 12:00 a.m.

3. Please provide necessary contact information. List the name, address, telephone number, fax number, and e-mail address (if available) of the person who can most readily discuss this appeal with the RHCD.

4. Identify the rural HCP Name, HCP Number, and Funding Request Number(s) from this letter.

5. Explain the appeal to the RHCD. Please keep your letter brief and to the point. It must identify a problem and why it is being appealed. RHCD support decisions are made by applying non-discretionary program rules to information submitted by applicants, so a letter simply stating, "We appeal the amount of support" provides no information that could lead to a different decision. Please review the information submitted, and explain precisely what alternate decision you believe RHCD should have reached using that information, within program rules. Please provide documentation to support your appeal.

6. Unless you are filing the appeal via e-mail, you must attach a photocopy of the Funding Commitment Letter you are appealing.

7. The RHCD will review all letters of appeal and respond in writing within 45 days of receipt of the appeal. The response will either grant the appeal or will explain why the appeal was not granted.

8. If the rural HCP disagrees with the RHCD's response, it may file an appeal with the FCC within 60 days of the date the RHCD issued its decision in response to the rural HCP letter of appeal. The FCC address to which a rural HCP may direct its appeal is:

Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Room TW-A325
Washington, DC 20554

Documents sent by Federal Express or any other express mail should use the following address:

Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743
(8 AM – 7PM ET)

The FCC will not accept hand-delivered or messenger-delivered paper filings at its headquarters. They will be accepted only at the following address:

Federal Communications Commission
Office of the Secretary
236 Massachusetts Avenue, NE, Suite 110
Washington, DC 20002
(8 AM – 7PM ET)

For security purposes, hand-delivered or messenger-delivered documents will not be accepted if they are enclosed in an envelope. Any envelopes must be disposed of before entering the building. Hand deliveries must be held together with rubber bands or fasteners.

Appeals may also be submitted to the FCC electronically, either by the Electronic Comment Filing System (ECFS) or by fax. The FCC recommends filing with the ECFS to ensure timely filing. Instructions for using ECFS can be found on the ECFS page of the FCC web site. Appeals to the FCC filed by fax must be faxed to 202-418-0187. Electronic appeals will be considered filed on a business day if they are received at any time before 12:00 a.m. (midnight), Eastern Standard Time. Fax transmissions will be considered filed on a business day if the complete transmission is received at any time before 12:00 a.m.

Please be sure to indicate Docket Nos. 96-45 and 97-21 on all communications with the FCC. The appeal transmission must also provide the rural HCP name and HCP number from the letter(s) being appealed, plus necessary contact information, including the name, address, telephone number, fax number, and e-mail address (if available) of the person filing the appeal. Unless the appeal is by e-mail, please include a copy of the letter being appealed.

Funding Year 2012

The Funding Year 2012 application-filing window will open well before the beginning of the funding year on July 1, 2012. Check the RHCD website for dates and details. The FCC requires applicants to re-file each funding year to participate in the rural health care universal service support mechanism, and applicants must complete and have a Form 465 posted on the RHCD website for 28 days before they may select a service provider and become eligible to receive support.

Questions

If you have any questions or need help, please call the Customer Service Support Center at 1-800-229-5476, Monday through Friday, 8am - 8pm, Eastern Time. Please have your HCP Number available as a reference.

Sincerely,

RHCD - USAC

HCP: 10781

Cordova Community Medical Center

Bruce Tipton

602 Chase Avenue, P O Box 160

Cordova, AK 99574

Fund Year:

2011

Packet: 114768 A Service: MPLS - 5000

BAN: 1811310

Type of Service Agreement	Eligible Support Start Date	Support End Date	Estimated Months of Support	Non-Recurring Support Amount	Monthly Recurring Support Amount	Estimated Total Support Amount	Funding Request Number
Contract	07/01/2011	09/29/2011	2.97	\$0.00	\$30,788.00	\$91,440.36	62660

118507 IN PROCESS

qFCL_FundYR_LettersSPIN-HCPsExce

SPin	HCP	HCP Name	HCP Addt	HCP Addt	HCP Addt	HCP Addt	HCP Addt	HCP Addt	HCP Addt	HCP Addt	Fund Year	Packet	Carrier
143002693	10781	Cordova Community Medical Center	602 Chase Avenue	P O Box 11	Cordova	AK	99674	Bruce	Tipton	2011	114768	A	Carrier

qfCl_FundYR_LettersSPINHCPSExce

Service	Bandwidth	BAN	Type of Ag	Eligible St	End Date	Estimated	Non-Recur	Monthly	Recurring	Support	Estimated	Support	IFRN
WPLS	5000	1811310	Contract	7/1/2011	9/29/2011	2.97	\$0.00			\$30,788.00		\$91,440.36	62660

Exhibit B

Email Correspondence with Susan Ferry
Associate Manager, RHC Auditor, Universal Service Administrative Company
(various dates in May-June, 2012)

From: Susan Ferry [<mailto:sferry@rhc.universalservice.org>]
Sent: Thursday, June 28, 2012 8:56 AM
To: 'Bruce Tipton'
Subject: RE: Terrestrial Service Available date, HCP 10781 Cordova Medical Center, Cordova Alaska
Bruce,

I already forwarded your email of 6/13/12 to my manager Mike Tamburino. I emailed Mike again this morning. His response to your question on evergreen contracts is the same response I emailed to you 6/13/12. Mike's response today was " [We have no policy on canceling contracts. It is the HCPs responsibility to manager their own contracts and do what is needed for their organization. Those decisions may or may not put funding in jeopardy. If we have an evergreen contract on file and they sign a new contact we do not care.](#)"

["If he feels that he did something based on the direction of Debbie then I would just encourage him to appeal and supply the documentation that shows Debbie's instructions has cost him funding."](#)

I don't know whom in Rural Health Care might have given you the direction not to cancel an endorsed contract. Mike refers to Debbie, because she processes our contracts.

Thank you and have a good day. If you have any questions please feel free to contact me.

Susan Ferry Associate Manager, RHC Auditor
30 Lanidex Plaza West Parsippany, NJ 07054
T: 973.581.5241 F: 973.599.6514
sferry@rhc.universalservice.org

From: Bruce Tipton [<mailto:btipton@cdvcmc.com>]
Sent: Wednesday, June 27, 2012 3:28 PM
To: Susan Ferry
Cc: Theresa Carte; Underwood, Colin A.; Laura Cloward
Subject: RE: Terrestrial Service Available date, HCP 10781 Cordova Medical Center, Cordova Alaska

Susan,

Another form 466 was submitted today per your instruction. FYI... My last day of work is currently scheduled for the end of July so you will notice on form 466 that Laura Cloward is the contact person.

Additional note: I am still unsure of how to cancel a 3 year evergreen contract. I am still awaiting a reply on my previous email dated 06/13/2012 for clarification of

RHC's policy regarding cancelation of an evergreen contract before it has expired. If you are unable to reply to the 06/13/2012 email please forward it to the appropriate person within your organization.

Thanks,
Bruce Tipton
AP/PR Clerk
Cordova Community Medical Center
907-424-8264

From: Susan Ferry [<mailto:sferry@rhc.universalservice.org>]
Sent: Wednesday, June 27, 2012 6:31 AM
To: Bruce Tipton
Subject: FW: Terrestrial Service Available date, HCP 10781 Cordova Medical Center, Cordova Alaska
Importance: High

You must submit **another** packet which starts **when terrestrial service became available** and ends Jun 30, 2012. The funding will be calculated as the difference between the terrestrial rate of \$9616.88 - 212, the urban rate.

Bruce, are you going to submit the second packet for the period from **9/30/11 - 6/30/12? Packet 114768 covers only the period from 7/1/11 thru 9/29/11.**

Thank you and have a good day. If you have any questions please feel free to contact me.

Susan Ferry Associate Manager, RHC Auditor
30 Lanidex Plaza West Parsippany, NJ 07054
T: 973.581.5241 F: 973.599.6514
sferry@rhc.universalservice.org

From: Susan Ferry [<mailto:sferry@rhc.universalservice.org>]
Sent: Monday, June 04, 2012 2:32 PM
To: 'Shafer, Pat'; 'Bruce Tipton'
Subject: FW: Terrestrial Service Available date, HCP 10781 Cordova Medical Center, Cordova Alaska
Importance: High

HCP 10781 Service, 4mb satellite and terrestrial.

Pat,

- I know what date the terrestrial service started. I want to know when terrestrial service **became available**.

Bruce,

- Funding for packet 114768, will be calculated as the difference between the monthly MPLS Satellite rate \$31,000 - 212, the urban rate. The funding period start July 1, 2011 and end when terrestrial **service became available**.
- You must submit **another** packet which starts **when terrestrial service became available** and ends Jun 30, 2012. The funding will be calculated as the difference between the terrestrial rate of \$9616.88 - 212, the urban rate.
- You have **28** days from the date of this email to submit all documentation or your applications will be considered for denial.

see below.

Thank you and have a good day. If you have any questions please feel free to contact me.

Susan Ferry Associate Manager, RHC Auditor

30 Lanidex Plaza West Parsippany, NJ 07054

T: 973.581.5241 F: 973.599.6514

sferry@rhc.universalservice.org

From: Susan Ferry [<mailto:sferry@rhc.universalservice.org>]

Sent: Thursday, May 24, 2012 1:49 PM

To: 'Shafer, Pat'

Cc: 'Bruce Tipton'

Subject: RE: Terrestrial Service Available date, HCP 10781 Cordova Medical Center, Cordova Alaska

Cordova Medial Center installed a **new terrestrial** MPLS service on 9/30/11 with ACSALASKA as it's service provider. My question is what date did ACSALASKA start providing terrestrial MPLS service in Cordova, Alaskal? In other words what is the earliest date that the the terrestrial service could be obtained?

Thank you and have a good day. If you have any questions please feel free to contact me.

Susan Ferry Associate Manager, RHC Auditor

30 Lanidex Plaza West Parsippany, NJ 07054

T: 973.581.5241 F: 973.599.6514

sferry@rhc.universalservice.org

From: Shafer, Pat [<mailto:Patrick.Shafer@acsalaska.com>]
Sent: Thursday, May 24, 2012 12:29 PM
To: 'Susan Ferry'; EUB USAC Support Team
Cc: 'Bruce Tipton'
Subject: RE: Terrestrial Service Available date, HCP 10781 Cordova Medical Center, Cordova Alaska

Susan if you're asking the start dates they are as follows

The 466-467 Alaska Communications is missing for HCP 10781 is acct# 1811310 which has been in service since 11-24-2009
New accounts 1851861/1851866 effective date 9/30/2011

If you are looking for different information please advise.

Patrick Shafer
Business Support Specialist
907-564-7013
907-242-9920(cell)
907-564-8408(fax)

From: Susan Ferry [<mailto:sferry@rhc.universalservice.org>]
Sent: Wednesday, May 23, 2012 8:25 AM
To: EUB USAC Support Team
Cc: 'Bruce Tipton'
Subject: FW: Terrestrial Service Available date, HCP 10781 Cordova Medical Center, Cordova Alaska

ATT: Pat Schafer:

Can you email me the exact date in September 2011, that **Alaska Communications Systems Holdings, Inc. - ACS of the Northland - Glacier State**, terrestrial MPLS and Dedicated Internet Service became available? I previously emailed Vonnie Pierce but the email came back as undeliverable.

Thank you and have a good day. If you have any questions please feel free to contact me.

Susan Ferry Associate Manager, RHC Auditor
30 Lanidex Plaza West Parsippany, NJ 07054
T: 973.581.5241 F: 973.599.6514
sferry@rhc.universalservice.org

From: Susan Ferry [<mailto:sferry@rhc.universalservice.org>]
Sent: Wednesday, May 23, 2012 11:08 AM
To: vonnie.pierce@acsalaska.com
Cc: 'Bruce Tipton'
Subject: Terrestrial Service Available date, HCP 10781 Cordova Medical Center, Cordova Alaska

Please email me the exact date in September 2011, that **Alaska Communications Systems Holdings, Inc. - ACS of the Northland - Glacier State**, terrestrial MPLS and Dedicated Internet Service became available?

Thank you and have a good day. If you have any questions please feel free to contact me.

Susan Ferry Associate Manager, RHC Auditor
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